

KPS CONSULTING

“Building an Access Bridge in Technology and Telecommunications”

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July 21, 2003

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **Ex Parte Presentation**
CC Docket No. 98-67

Dear Ms. Dortch:

On July 18, 2003, Mike Fingerhut, Mike Ligas, Mike Nelson, on behalf of Sprint and Ann Marie Mickelson, Mark Seeger, Randy Gerloff, Bill Warinner, and the undersigned, on behalf of Communication Service for the Deaf, Inc. (CSD), met with Margaret Egler, Tom Chandler, Warren O’Hearn, Gregory Hlibok, Cheryl King, and Sean O’More of the FCC’s Consumer and Governmental Affairs Bureau (CGB) and Jean Ann Collins of the FCC’s Enforcement Bureau, to discuss CGB’s Order of June 30, 2003 in CC Docket No. 98-67 (DA 03-2111), which cut the rate for Video Relay Service (VRS) from the \$14.023 per minute recommended by the National Exchange Carrier Association (the TRS fund administrator) to an interim \$7.75 per minute.

CGB reported on the methodology used to calculate the current rate, including the bureau’s decision to reject all profits previously built into the rates. CGB noted that its interim order permits an 11.25 rate of return on reasonable net capital investments. Sprint explained that VRS is not rate regulated, and took issue with disallowing all cost plus profit. Attendees raised concerns that because VRS is not currently mandated, the provision of this service may be put into jeopardy if companies are not allowed to earn a reasonable return on the costs of providing this service. CSD questioned whether an analogy can be drawn between the costs associated with interpreter services and costs associated with equipment and other fixed capital expenditures for purposes of determining a reasonable return on investment in VRS. Sprint noted that the FCC’s rules do not define what is considered “reasonable costs.”

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With respect to the FCC's actions on occupancy rates, CSD questioned whether the proposed rate took into account the provision of VRS on a 24 hour/7 day week basis. The FCC reported that it found a wide variation in the employment of agents and took this variation into consideration when determining the appropriate occupancy level.

The FCC indicated that it had remaining questions about the submissions made by the attendees, and distributed requests for additional data to both CSD and Sprint. In addition, the FCC requested clarification on CSD's website to make clear that the Commission had not changed the way that the VRS rates were determined and to include Tom Chandler's title. CSD indicated that it would make these minor changes to its webpage.

This letter is being filed electronically.

Sincerely,

/s/

Karen Peltz Strauss
Attorney for CSD

cc: Margaret Egler
Tom Chandler
Warren O'Hearn
Mike Fingerhut
Mike Ligas
Mike Nelson